



Corporate Aircraft – Ownership Structures

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Although considered by many to be a luxury means of transport, corporate jets offer the pinnacle in fast, time efficient and convenient travel. For many corporates access to a Private Aircraft is not just a desirable choice, but a logical one too.

Whether the use of the aircraft is confined to corporate use, charter, or a mix of both will impact on the structure that should be put in place for ownership and operation of the aircraft.

If there is any element of charter involved the aircraft must be operated by the holder of an Aircraft Operating Certificate (AOC). Typically the AOC holder will lease the aircraft for reward when not in use by the owner.

The EJ Register operated by the Irish Aviation Authority allows for the registration of aircraft by both private owners and AOC holders.

Aircraft Solely for Corporate Use

There are certain benefits and restrictions when registering an aircraft on a private register whether in Ireland or offshore.

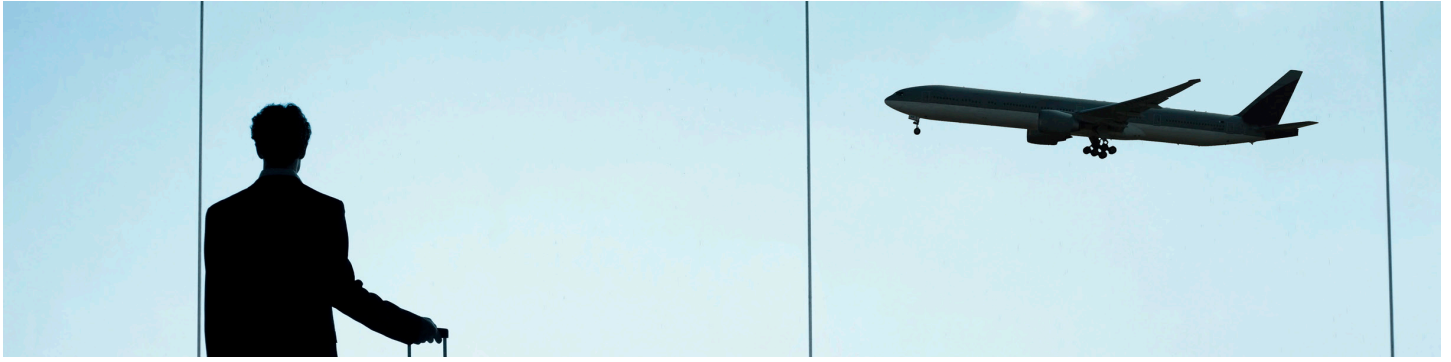
An aircraft operated privately should not be used for “Commercial Air Transport” or for “charter for consideration”. It is vital to get the ownership structure and any inter-company agreements for use of the aircraft correct at the outset in order to avoid the possibility of straying in to the area of “grey” or illegal charter. Unfortunately some



corporates inadvertently find themselves operating “grey” charter due to the ownership structures they have created.

Among the perceived advantages of registering an aircraft on a private register are the softer safety regulations imposed by the aviation authorities. However the introduction of the “Part-NCC” (EC 965/2012 & 800/2013) safety regulations on the 25th August 2016 has resulted in a significant change in the responsibilities of owners of private aircraft. The regulations

impose safety standards on the “non-commercial operation of business jets and other complex motor-powered aircraft” that are much closer to the standards required of commercial airlines. This change has increased the compliance burden, and it places significant responsibilities and potential liabilities on the registered owner of the aircraft. If there is a failure to comply with the Part-NCC regulations the company may invalidate the plane’s insurance policy and breach covenants in any finance agreements that are in place.



Registering the Aircraft with an AOC Holder

The AOC holder is a licensed aircraft operator that will assume full operational responsibility for the aircraft and manage it for the benefit of the legal owners.

The use of an AOC holder can bring commercial and associated benefits to a corporate owner. In Europe any payment for a flight is illegal unless the aircraft in question is operated by an AOC holder.

Typically the AOC holder will charter the aircraft when it is not required for use by the corporate owner. This allows the owner to generate an income from the aircraft when it is not required for use by the company.

The registration of the aircraft with an AOC holder will also absolve the legal owner from the obligations and risks inferred by "Part-NCC" safety regulations.

Structuring the Ownership of a Corporate Aircraft

Practically speaking the most efficient ownership structure for an aircraft is dependant on the intended use and operation of the aircraft. There is no "one size fits all" solution and the specific requirements of each owner must be considered.

The priority for any owner is that they are protected from the risks associated with ownership of an aircraft and whatever structure is put in place must reflect this.

If the owner wishes to exploit the commercial potential of the aircraft it is obliged to engage an AOC to operate the aircraft. If the aircraft is intended to be used solely for business use the owner may engage a third party manager or, if they have the resources, set up their own flight department to operate the aircraft.

We would be delighted to provide advice to owners on a structure that would be tailored to meet their specific requirements. We work with aviation law specialists, aircraft managers and AOC holders to provide the optimum solution for our clients.

If you require any further information please contact one of our aviation team listed overleaf.

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About Moore Stephens

Moore Stephens is a leading Irish owned provider of accountancy and advisory services for smart, commercially ambitious enterprises seeking the highest standards in client service and expertise. We are ranked in the top 10 Irish accountancy practices with 10 partners and over 100 staff. We have offices in Dublin and Cork and have grown steadily in the Irish marketplace since our foundation in 1970.

We provide our clients with access to a range of core and specialist services including audit and tax compliance, business and personal tax planning, corporate finance, insolvency, corporate governance and forensic accounting.

Our success stems from our industry focus, which enables us to provide an innovative and personal service to clients in niche markets.

Specialist sectors include credit unions, healthcare, banking recovery and restructuring, agriculture and education, while maintaining our predominant foothold in the Irish SME sector. We recognise that Irish business will become increasingly export orientated in line with the national recovery plan.

To address our clients' need for the highest quality international advice we have joined the Moore Stephens International Network.

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Moore Stephens International Limited is a global accountancy and consulting association with its headquarters in London. With fees of US\$2.6 billion and offices in 106 countries, you can be confident that we have access to the resources and capabilities to meet your needs.

Moore Stephens International independent member firms share common values: integrity, personal service, quality, knowledge and a global view.

Aviation

Moore Stephens is a leading accountancy firm with significant experience in the aviation sector. Through our international network of member firms we are able to offer the global coverage required to meet the needs of aircraft owners and operators of all sizes. Please contact a member of our experienced aviation team for support and advice on:

- Ownership Structures
- Advice on Import, Registration & Sale of Aircraft
- Value Added Tax
- Tax Registration and Compliance Requirements
- Accounting
- Crew payroll and benefits

Our Aviation Team:



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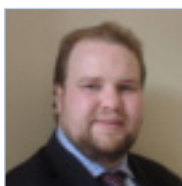
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